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Dalal Street
Mumbai – 400 001

National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (East)
Mumbai – 400 051

Scrip Code: 544008

SYMBOL: MAXESTATES

Sub: Transcript of the Earnings Conference Call

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of the Earnings Conference Call conducted on May 23, 2024 at 12:00 noon (IST) to discuss Q4 & FY'24 financial results performance of the Company.

This is for your information and records.

Thanking you,

Yours faithfully,

For Max Estates Limited

Abhishek Mishra
Company Secretary & Compliance Officer

Encl: a/a

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“Max Estates Limited
Q4 & FY’24 Earnings Conference Call”
May 23, 2024

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**MANAGEMENT: MR. SAHIL VACHANI – VICE CHAIRMAN AND
MANAGING DIRECTOR – MAX ESTATES LIMITED
MR. RISHI RAJ – CHIEF OPERATING OFFICER – MAX
ESTATES LIMITED
MR. NITIN KANSAL – CHIEF FINANCIAL OFFICER –
MAX ESTATES LIMITED
MR. ARCHIT GOYAL – GENERAL MANAGER,
CORPORATE FINANCE – MAX ESTATES LIMITED**

Moderator:

Ladies and gentlemen, good day and welcome to the Max Estates Limited Q4 and FY24 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone.

Please note that this conference is being recorded. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict and a disclaimer to this effect has been included in the financial results and investor presentation which has been shared with you earlier and available on the stock exchange website.

I now hand the conference over to Mr. Sahil Vachani, Vice Chairman and Managing Director. Thank you and over to you, sir.

Sahil Vachani:

Good afternoon and thank you for joining us on the Max Estates Q4 and FY24 Earnings Conference Call. Along with me today, we have Mr. Rishi Raj, Chief Operating Officer, Mr. Nitin kansal, CFO and Mr. Archit Goyal, GM of Corporate Finance. We also have SGA our Investors Relation Advisors on the call.

The presentation has been issued to the stock exchanges and uploaded on our company's website. I hope you've had the opportunity to go through it. As we conclude FY24, let me share an overall level of a few business highlights for the year before we deep dive into the business-related updates.

50% growth in our real estate portfolio from 8 million to 12 million square feet. This has been achieved through a new joint development agreement over 18 acres of land in Sector 36A, Gurugram, with a development potential of 4 million square feet and potential GDV, Gross Development Value of over 9,000 crores. This land parcel is contiguous to our existing 11.8 acres of land on Dwarka Expressway in Sector 36A, Gurgaon, on which Max Estates had done a JDA last year.

Both opportunities imply a combined GDV potential of over INR13,000 crores plus in the Gurgaon market by developing and selling an area of approximately 6.5 million square feet. Strategic equity investment of INR 388 crores from New York Life, upon the closure of the transaction, New York Life will own 49% stake in both our SPVs of Max Estates that hold the Max Towers and Max House assets respectively.

Both of the assets are rent-yielding operational commercial real estate projects located in Noida and Delhi respectively. Max Estates will hold 51% in both SPVs after the transaction is concluded. The transaction implies an enterprise value of approximately INR1,300 crores at 7.5% cap rate. This will further strengthen and enable growth capital pool for Max Estates to enable us to deliver on the 3 million square feet growth opportunity every year, consisting of 2 million square feet of residential and 1 million square feet of commercial.

In addition, FY24 saw several other milestones, including the successful launch of Estate 128, our first residential community in Delhi NCR, which was 100% sold on launch at a price realisation of INR18,000 a square foot, unprecedented in the Noida micro market, translating into a booking value of approximately INR1,800 crores. We are also happy to share that 100% of the first tranche, that is approximately INR440 crores, is already collected and there are zero customer cancellations.

Completion of Max Square and Max House Phase 2 on-time, despite COVID led disruptions over the last few years. We have also witnessed strong leasing traction across our portfolio while Max Towers and Max House both continue to be 100% leased. Max House Phase 2 is now 89% leased in 6 months of getting our occupancy certificate and Max Square is 55% leased with a strong pipeline. All our assets command about a 25%-30% rental premium to the micro market.

Also closure of capital commitment and investment of approximately INR500 crores earlier this year by New York Life into two Greenfield office developments, namely Max Square 2 on Noida Expressway and Max 65 in Gurugram on the Golf Course Extension Road. This coupled with a fresh round of commitment by New York Life and our operating assets, we have New York Life as a strategic partner across all our commercial office portfolio.

This truly reflects their commitment and trust in Max Estate's ability to execute at scale in our aspiration of bringing real well-being to the real estate space in India. We're also very delighted to share of the appointment of Mr. Anthony Malloy, who's the Executive Vice President and Chief Investment Officer of New York Life Insurance, and Mr. Atul Lall, who's the Managing Director and Vice Chairman of Dixon Technologies to our Board, as additional Directors. Their extensive experience, strategic insights, and leadership that both of these individuals bring to the table will be invaluable assets to Max Estates as it looks to scale.

We at Max Estates are committed to efficient capital deployment across all our asset classes, maintaining a diversified portfolio within the Delhi NCR region. We will explore various business models, including outright purchase, joint development and strategic co-investments as we have demonstrated for the commercial office platform. Since the inception, Max Estates has raised over INR3,000 crores, combining both equity and debt.

New York Life Insurance, our strategic partner, has made an investment commitment till date of approximately INR1,200 crores. With a very robust balance sheet, we aim to prudently seize growth opportunities at the right valuation. The company is open to strategic co-investments and joint development ventures for our residential projects to pursue growth in a relatively capital-light format.

Over the years, we at Max Estates have stayed true to our commitment of creating spaces that enable well-being with an unwavering focus; "On Live Well And Work Well", as our philosophy. Moreover, as we expand the customer experience and emphasis which are founded upon the, Work Well And Live Well philosophies remain central and in order to achieve this goal, it is critical to attract and develop high-caliber talent into operationalized systems and processes with the assistance of digital interventions. This is precisely what we as an

organization are concentrating on, as we further develop the capacity and capability to execute operations efficiently at a large scale.

With this, I hand over the call to Rishi, our Chief Operating Officer, for a detailed business update. Over to you, Rishi.

Rishi Raj:

Thank you Sahil, for the strategic overview. Let me start with a few remarks on overall industry trends. First, on commercial office front, quarter four fiscal year '24 saw a net absorption across the top seven cities at 8.3 million square foot, which was up by 11% year-on-year, continuing the solid absorption achieved in 2023.

Net absorption in Delhi NCR witnessed post-COVID high at 2.3 million square foot, up by 28% year-on-year. Delhi NCR took top spot with 27% share, followed by Bengaluru, Hyderabad and Mumbai. With significant traction for office demand led by domestic companies being now neck-to-neck with U.S. multinational, the rentals have firmed up, and Delhi NCR saw notable annual rental growth of 5% plus on average.

On the residential market, after a stellar 2023, housing sales created a new peak in quarter one 2024 at 1.3 lakhs unit, experiencing a remarkable 14% year-on-year growth. With new launches at 1.1 lakhs unit, the demand and supply situation continues to remain healthy, with inventory levels shrinking further and the market continues to navigate towards corporate and institutional developer, whose share now, Pan India, stands at 34%.

Coming to our *WorkWell* experience, at Max Towers total leased area is 100% occupied and leased rental income from Max Towers stands at INR381 million in fiscal year 2024. Max House Phase 1 continues to be 100% occupied and the leased rental income from Max House Phase 1 stands at INR141 million in fiscal year 2024. Max Square project is now 55% leased, at a premium of 25%-30% over the prevailing market rate in the micro market.

The leased rental income in Max Square stood at INR106 million in fiscal year 2024, with strong traction for office leasing and several discussions at advanced stages, we are confident of achieving 100% leasing by end of this calendar year for Max Square as guided earlier as well.

For Max Square Phase 2, which is an extension of Max House Phase 1, both combined as a boutique campus in South Delhi, has a larger leasable area of 1,50,000 square foot, which has been completed and we already have almost 90% of total leasable area committed at 30% plus premium to the micro market. We are again confident of achieving 100% leasing in next 1-2 quarters.

The leased rental income from Max House Phase 2 stands at INR28 million in quarter 4 fiscal year 2024, the leased rental income from Max House Phase 2 is expected to be INR250 - 300 million once fully leased.

Now coming to two of our under-development work well experiences, starting with Max Square Phase 2 in Noida, which has total development potential of 1.1 million square foot, which when combined with the completed Max Square project adjacent to each other will entail a mixed use office space development of 1.8 million square foot.

For Max Square 2, with receipt of all approvals, we are ready to start the construction in quarter 1 FY25 itself. The leased rental income from Max Square 2 is expected to be in the range of INR1,000- INR1,150 million at 100% occupancy.

Coming to Max 65, Golf Course Extension in Gurugram, which is 7.15 acres of land parcel with development potential of 1.6 million square foot located right on Golf Course Extension Road and is at 10 minutes driving distance from Sector 56 Metro Station on Golf Course Road. Once again, with the receipt of all approvals, we are ready to start the construction in quarter 1, Fiscal Year '25 itself. The leased rental income from this project is expected to be in the range of INR1,600-2,000 million at 100% occupancy.

Now, let me move to our LiveWell experiences. Our first luxury residential estate 128 in Noida, as you are aware, has been fully sold and had garnered a pre-formal launch sale of INR1,800 plus crores. Over the last 9 months, the company has collected INR441 crores for the project. The payment schedule for this project is construction link translating into 25% collection every year.

The construction has begun and is on track to deliver the occupancy well within RERA promise timelines. We are also proud to say that there is zero customer cancellation since booking, which is yet another industry benchmark.

Coming to Gurgaon, the company signed a joint development agreement for Sector 36A, Gurugram, with a development potential of 2.4 million square foot and our revised estimate for gross development value stands at INR4,000 crores. The land parcel measures 11.8 acres with direct access from Dwarka Expressway. We are working with Gensler to design region's first intergenerational community at scale. The approvals are well on track to enable us to launch this to the market in July of 2024.

We have now expanded our residential portfolio in Gurugram through yet another strategic joint development agreement with gross development value of over INR9,000 crores. This new acquisition is contiguous to our existing 11.8 acres of land on Dwarka Expressway in Sector 36A. Both opportunities combined imply a combined GDV potential of over INR13,000 crores in Gurugram by developing and selling over 6.5 million square foot. With this development, we have secured a launch pipeline for FY26 and FY27 as well.

In terms of our growth aspiration, we are confident and committed to adding 3 million square foot every year in our portfolio with 2 million in residential and 1 million in commercial every year in Delhi NCR. And if you look at our track record over the last three years, we have been able to deliver more than that.

Finally, coming to mixed use development enabling both Work Well and Live Well experiences, which is Delhi 1, the Honorable NCLT, New Delhi approved a resolution plan. It is a commercial plot at measuring 35,000 square meter with the development potential of 2.5 to 3 million square foot, which will be added to our development footprint moving forward. The implementation of the resolution plan is subject to receipt of certain requisite approval from regulatory and statutory authorities, which is in progress.

Now, let me move and provide an update on MAX Asset Services. MAX Asset Services provides end-to-end managed office service, including but not limited to fit out leases, fit out design and build an office -- fit out design and build an office operations of housekeeping, IT services, etc.

Our managed flexible office offering work well suites center at Max House Okla continues to be 100% leased, commanding significant premium to micro market in this space. As a part of our work well philosophy, we continue to differentiate our client experience by adding ecosystem of amenities like; fitness center, salon, early learning center, shuttle services, sports facilities and many more. We continue to curate various S&B options to create an unique ecosystem for our clients to truly, *WorkWell And LiveWell*.

With an aim to uplift our assets with the best-in-class facilities and becoming more operationally efficient, we are deploying various digital tools across all our vertical, including parking management, lift management, amenities booking, visitor management, as well as, very importantly, air quality monitoring inside our building.

On the financial side, our revenue from Max Asset Services for fiscal year 2024 stands at INR310 million. We expect the facility service business of Max Asset Services to witness strong growth in fiscal year 2025 and 2026 as a high percentage of office in our new developments are and will be open and they will be availing all our services.

With this, I hand over the call to our CFO, Nitin, for financial updates.

Nitin Kansal:

Thank you, Rishi. Good afternoon, everyone. Let me give you the financial highlights for the financial year 2024. As Rishi and Sahil mentioned, our first luxury residential project in NCR has been fully sold and has garnered a pre-formal launch sales of INR1800 plus crores. Since launch, we have been able to collect an amount of INR441 crores in the last nine months on the account of this project.

On the revenue front, the consolidated revenue of the company stood at INR93 crores. On the profitability side, we had a loss of INR68 crores as a profit before tax loss of INR68 crores. I would like to highlight here a few things. We have incurred advertising and marketing expenses of rupees INR23 crores in FY24 for Estate 128 project, which has been accounted for as an expense in the current period, while the revenue will be recognized subsequently at the time of position in line with the accounting principles.

Furthermore, on a conservative basis, we have also taken a 100% provision on the investment made in Azure Hospitality, amounting to INR45 crores. Normalized EBITDA and profit before tax in FY24, excluding the aforesaid two transactions, would have been INR40 crores and we would have been broken even on a pre-tax basis.

The lease rental income for the assets which are put under use has shown a growth of 37% year-on-year to INR66 crores in FY24. Speaking about our liquidity position, our external debt from the banks stood at INR735 crores as of 31st March 2024, against which we had a cash and cash equivalents of INR374 crores. Hence, the net external debt stood at INR361 crores. With a reported net worth of INR1,431 crores, our debt equities stood at 0.38x.

I would now like to open the floor for questions and answers.

Moderator: The first question is from the line of Karan Khanna from Ambit Capital. Please go ahead.

Karan Khanna: Hi, thanks for the opportunity and congrats team on great project additions during the quarter. My first question is regarding the new project that you are adding in Sector 36A. If you can talk about the terms of agreement with the joint development partner or the landowner?

Also, if I look at the gross development value potential of Estate-360, that stands at INR4,000 crores, implying a per square feet rate of INR16,700. But if I look at the 4 million square feet that you have added now, the implied rate is around INR22,500 per square feet. The difference, if you could explain, if the project will be slightly different from what you are going to launch at Estate-360?

Rishi Raj: Thank you, Karan. This is Rishi. I will take both of your questions. First, on the new additions in Gurgaon of 18.23 acres, we are delighted to share this is yet another joint development agreement model, keeping to our promise of relatively capital-lite acquisition of land. In terms of the terms and conditions, this is a combination of deposits and revenue share. In terms of deposits for the entire development potential, deposits stand at INR275 crores and the revenue share is in the range of 35% to 40%, including the step-ups linked to the price realization. So that's the new land acquisition.

As far as your question related to implied price realization on two projects is concerned, if you recall, when we had underwritten the first joint development agreement, we had given the guidance of INR3,200crores, which we have subsequently revised to INR4,000crores, implying the price that you are talking about. We are very confident as we go nearer to the launch, keeping in mind where the market is, which is yet at a higher price realization than what you see in this revised estimate, we will be taking a call on where we will finally be launching this project. So that's on the current project that we are going to launch.

As far as the new is concerned, you have to keep in mind that this will be launched subsequently in FY26 and FY27 and we have conservatively underwritten it to be sold over a construction lifecycle at this point in time and factoring in the inflation, it translates into the number that you mentioned. So that's how you can reconcile the two.

Karan Khanna: Sure. This is helpful, Rishi. Second question, if I'm looking at slide number 18 of your presentation on the Indicator Growth Pipeline, historically your guidance has been 2 million square feet of project additions each year, of which 1 million square feet in commercial and 1 million square feet in residential.

But I think if I look at the pipeline that you have highlighted here, it's largely residential. And as you've also highlighted, 2 million square feet aspiration to add 2 million square feet in residential and 1 million square feet in commercial every year. So how should we think about business mix going forward?

Are you seeing that the tailwinds are such that potentially next three to five years will be largely more focused on residential launches or should we think of a medium-term strategy of 50-50% across commercial and residential growth?

Rishi Raj:

Great question, Karan. I'll answer that in three parts. A, as far as our guidance of 3 million is concerned, or at least 2 million on the residential side, with the new acquisition that we have already announced gives us 4 million square feet. And as you would look at our pipeline, it would be premature for me to share more details, but given the stages of discussions we are in, we are very confident of adding another residential opportunity in this fiscal year.

You are right. You don't yet see a commercial opportunity in the pipeline that we have shared, and that's because what we share here are the ones which have progressed the discussion. But let me assure you, given the strong traction that we are seeing for office demand, given that return to office has come back with full steam, and given what we are seeing in our leasing pipeline, we are very, very positive and bullish on adding commercial to our portfolio, and some of the discussions are already on.

As far as mix is concerned, this to an extent will also depend on the opportunity, but I can only say at this stage that the mix between residential and commercial will be a healthy mix. Exact percentages will evolve, and that way, having a strong annuity income portfolio in our overall portfolio also gives, as you know, much resilience to our portfolio from an overall valuation perspective.

Karan Khanna:

Sure. And my last question, Rishi, if there is any update on Delhi 1, how much time should it take to receive the approval from the regulatory authorities? And just a clarification, I think in the presentation it says 2.4 million square feet, but the BSE press release says 3 million square feet. So just the exact potential of this.

Rishi Raj:

The potential, as I also said, is in the range of 2.5 to 3 million square foot. That's the range. As far as status is concerned, post the approval by NCLT, we are in advance discussions both with the Noida Authority for the business prerequisites and the approvals that we need. From our perspective, we are pursuing to get this in this fiscal year, but as you know, with all of these regulatory approvals, it's very difficult to point a particular time and deadline, but our endeavour is to do it as soon as possible.

Karan Khanna:

Great. Thank you, Rishi, and all the best. Thank you.

Rishi Raj:

Thank you.

Moderator:

Thank you. The next question is from the line of Rakesh Wadhvani from Monarch AIF. Please go ahead.

Rakesh Wadhvani:

Hi, team. Thank you for the opportunity.

Moderator:

May I interrupt, sir? Sir, may I request that you use your handset, please?

- Rakesh Wadhvani:** Hi, team. Thank you for the opportunity and many congratulations for the great set of developments in the last couple of weeks. Sir, first question. In the last con-call, we had talked about the construction cost of the Estate 120 project will be INR300 crores to INR350 crores. Is that correct? Is that understanding correct?
- Nitin Kansal:** I think we haven't mentioned about the construction cost. The number of INR300 crores to INR350 crores is the cost of acquisition of the land, which we had taken for Estate 128. The current estimate of the construction cost of Estate 128 is in the range of INR600 crores to INR650 crores.
- Rakesh Wadhvani:** Yes.
- Nitin Kansal:** Okay.
- Rakesh Wadhvani:** Thanks for the clarification. And, sir, second, coming to the gross debt point, last quarter also we had INR770 crores gross debt. This quarter also INR735 crores. And the cash equivalent has not increased. So the amount that we are supposed to receive from the deal that the two commercial sets that we are going to sell has not been recognized in this quarter at the end of 31st March?
- Nitin Kansal:** Sir, the deals which we had announced on 30th of April, they require a shareholder's approval also, and for which we have already issued, given a postal ballot approval, we sought a postal ballot approval from the shareholders. So what we are expecting is post the shareholder's approval and the conditions preceding the transaction, we will be able to consummate the transaction and the flow of money will happen by the end of June.
- Rakesh Wadhvani:** Okay. Thank you very much for this clarification. And, sir, one more question. Regarding the core NCR market, you can give a qualitative as well as quantitative point. We have seen tremendous growth in the NCR market across like full India. NCR market is fastest growing market with respect to the number of units sold, as well as the price hike that has happened.
- Just wanted to understand what is happening in this market, because one of the factors that you mentioned, there are lesser number of organized players in this market or the institutionalized players. That is one reason that the players like you are getting the market growth, higher growth. Can you highlight what is happening? Because the ticker says that we are present like INR5 crores units and above. The demand is very strong in that market?
- Rishi Raj:** Yes, I will take that. This is Rishi. I think there are a few ways to look at what's happening in NCR market. I think number one, as you said, if you look at the population of 25 to 30 million and if you look at number of corporate credible developer in Delhi NCR have been far and few. There was a big issue with respect to quality and credible supply. That's something which is improving with many corporate developers coming into picture in Delhi NCR, number one.
- Number two, if you look at the inventory levels that existed in Delhi NCR because of several issues that Delhi NCR has gone through historically over last 10 years, pre-COVID peak in 2014, the inventory measured in terms of number of months that it takes to sell was at 80 and

now that has dropped to 17. So the demand and supply situation has become much more healthier.

Number three, to your point with respect to demand for premium and luxury, lot of this is also driven by and this is a PAN-India phenomena, of course the share in Delhi NCR is higher. If you look at PAN-India phenomena and if you look at the income segmentation data, the population falling in high and upper segment of income have actually moved from being 26% to 29% to now is expected to move to 45%.

So lot of what you are seeing is an outcome of that. Having said all of that, we as an organization are very clear that residential particularly is a cyclical business. As a result, in all our new acquisition, we have been very, very mindful in doing reasonable underwriting. While we will underwrite at market prevailing prices, but from a velocity standpoint, we underwrite assuming the product will get sold over the life of the construction.

And basis that we determine to decide on terms and conditions of the acquisition and this has been the reality for all our past acquisitions so that even in that scenario, we can earn a decent healthy IRRs of 25% plus. So that in nutshell would be my response. Happy to get more clarification on this.

Rakesh Wadhvani: Perfect. Okay. Sir, just one last clarification. In the previous participant call, you mentioned for the new project that we acquired that is Sector 36 new acquisition in Gurgaon, we have to pay, the deal is structured in such a way, INR250 crores to INR275 crores limited deposit and 35% to 40% the share of the landowner. Is that correct?

Management: This is for the new acquisition that we have announced which is 18 acres that we have announced over the last few weeks.

Rakesh Wadhvani: Okay. One more clarification on that.

Nitin Kansal: That deposit is adjustable against the revenue share part. That's a very good point.

Rakesh Wadhvani: Thank you, sir. Thank you very much. Best wishes. All the best.

Moderator: Thank you. The next question is from the line of Ritwik Sheth from OneUp Financial. Please go ahead.

Ritwik Sheth: Hi. Good afternoon, sir. A few questions from my end. Firstly, what would be the operational OCF in FY24 from the residential segment?

Nitin Kansal: Good afternoon. This is Nitin. In last year, the residential side, we had made a collection of close to INR441 crores on the residential side. And since the land acquired, land was already incurred as a cost in the previous years in FY23, this money, if you see from an operational cash flow perspective, we would have generated close to INR350 crores of operational cash flow from the residential business.

Ritwik Sheth: Okay. So you mentioned INR25 crores of ASV and balance would be the construction cost and the other over at INR75 odd crores.

- Nitin Kansal:** So OCF of INR350 crores for the residential segment.
- Ritwik Sheth:** Right. Okay. And what would be the timelines for the balance payment? Would it be staggered into for the next three years another INR450 crores, INR450 crores each?
- Rishi Raj:** Yes. So, on an average, as we indicated earlier, the payment plan is construction linked, averaging 25% per year of collection over the construction life cycle of four years.
- Ritwik Sheth:** Okay. Got it. That is helpful, sir. Secondly, you have mentioned in the presentation that we have potential access to the sponsor's land bank of about INR100 crores in Delhi, which can have a development potential of 4-5 million square feet. Can you throw some light on this when do we start, the conversations with the promoters? What kind, what can be the structure on that? And some timelines as well, please.
- Rishi Raj:** Okay. This is Rishi again. See, I'll just step back for the entire audience to understand how we as an organization are thinking about growth journey moving forward. As we look at our growth journey, and if you look at near-term, mid-term, and long-term, near-term on per year basis, as we have already announced, we will go out in the market and acquire 2 million-3 million, two in residential, one in commercial, every year.
- Then you have Delhi, Delhi 1, which has got 2.5 million-3 million square foot of development potential. Which, as we said, is awaiting requisite regulatory approval, which will get further added to our pipeline. This particular opportunity that we have mentioned is in Delhi, in sector 3 zone L in Najafgarh, very well connected to airport and metro stations, connecting it to across Delhi NCR.
- This is going through, if you are aware, an approval process on the land pooling policy. At this point in time, this is progressing well. And at the right point in time, we will come back and give you more details, both with respect to how we are going to structure this with the sponsors. Most likely, this will be in a joint development format at arm's length. And what would be the details of the development?
- We will be able to give you more details as and when we are ready and as and when the approval process on the land pooling policy matures.
- Ritwik Sheth:** So, it's safe to assume this will be 2 years-3 years out. The approval would happen and then we can start the GDA, as you mentioned.
- Rishi Raj:** Yes, as I said, keep this as a pipeline from a mid to long-term perspective for us to start the development. I think that's the right estimate from a timeline perspective.
- Ritwik Sheth:** Okay. And one question is on the heavy reliance on Gurgaon. You know, 80% currently existing projects are in Gurgaon in terms of GDV. And even the indicative growth pipeline is skewed towards Gurgaon. So, I know right now the demand is higher than supply. But, what is our thought process in the medium term, say 3 years-5 years in the three distinct geographies that we are present, like Noida, Gurgaon and Delhi? Now what would be our preference in terms of GDV split, portfolio split and NCR? If you can give us some colour on that.

- Rishi Raj:** Yes, I think that's a great observation. If you look at what we have done so far, from 8 to 12 million, we have been able to diversify both in terms of geographical footprint. Earlier, we were seen more as a player whose portfolio was weighted towards Noida. And now we have diversified out of Noida in Gurgaon. So that was a strategic move from our perspective to make MaxEstates a truly Delhi NCR player. So that's point number one.
- Point number two is a lot of this will also be a function of available supply in the respective micro market. As a strategy, we continue with our goal of one region, multiple assets -- NCR, residential and commercial. And our endeavor will be to continue to look for opportunity in Delhi, Noida and Gurgaon.
- In terms of the mix, that will slightly evolve and it is very difficult to pinpoint exact mix at this point in time. But from a direction and intent perspective, we would like to diversify across all the three regions of Delhi NCR subject to available supply and so on and so forth. And as we speak, we are evaluating opportunities in Noida and Delhi as well.
- Ritwik Sheth:** Okay, that's great. And on the indicative growth pipeline, would it be more of JDA currently looking at the land prices or we are open for acquisition of land as well?
- Rishi Raj:** Our preferred approach would be joint development for exactly the same, for the reasons you mentioned, because that gives you an opportunity to have land owner participating in upside and downside. And also it makes it relatively capital light. Having said that, we also will be open for outright on a select basis given the opportunity that that particular land present in that micro market.
- Ritwik Sheth:** So and just one final question on the commercial front. Now, all the four operational assets, we have 51% stake and New York Life is at 49% stake. So after the recent capital infusion by New York Life, what is max capital employed in these four operational assets for our 51% share?
- Nitin Kansal:** So on the on the commercial assets which we have deployed, we would have an amount of close to INR550 to INR600 crores in the asset deployed across these four operational assets on these assets which are not completely in which we have New York Life as a partner.
- Ritwik Sheth:** That's right. So the four operational assets, we have INR600 crores of capital deployed.
- Nitin Kansal:** Yes. Yes.
- Moderator:** Thank you. The next question is from the line of Deepak Purswani from Svan Investments. Please go ahead.
- Deepak Purswani:** Just Yes, just to get the understanding firstly, on the recent GDV of INR9000 odd crores. What could be the underlying IRR we are expecting? And there be any price hike which is considered in this deep -- in terms of the IRR and also in the GDV value?
- Rishi Raj:** So, Deepak, as we have always indicated, when we underwrite any new residential project, our endeavor is to is to underwrite it at IRR of 25% plus. And, as I also indicated, whenever we

underwrite, keeping in mind that this is a cyclical business, we assume that the sales and the velocity will pan out over the construction life cycle of the project.

Keeping both in mind, even in this, our expected IRR will be in that particular range of 25% to 30%. As far as pricing is concerned, again, just to keep the principle of conservative underwriting, we have assumed, even though this will get launched in next two calendar years, given the size of the opportunity that we have, we have assumed the prevailing market price and inbuilt reasonable assumptions by the time we reach to launch.

Deepak Purswani: Secondly sir, in terms of the growth pipeline, which we have indicated to the exchange of 19 years specially. We did mention that our preferred mode would be the JDA. What would be the proportion of JDA in the pipeline? And – it is a JDA, like in this deal we would require the deal which we concluded recently we would required upfront deposit of INR225 odd crores. So what would be the total investment budget in terms of the land acquisition going ahead? And what would be our plan to fund this land acquisition pipeline?

Rishi Raj: So the three parts to your question, one, when you look at this residential pipeline, let me also clarify this is a snapshot of long pipeline that we have. And even in this pipeline, there is a very healthy mix of opportunities coming through joint development route as well as outright purchase. As we said, on select basis, we will not be close to the outright purchase acquisition.

So that's number one. Number two, as far as investment budget is concerned, for this, as I said, we will be keen to acquire another residential opportunity which will diversify our portfolio both in Gurgaon market or outside Gurgaon market and we have budgeted for INR300 to INR400 crores for that particular acquisition in this particular fiscal year.

Deepak Purswani: Okay. And this INR300 to INR400 crores, that is excluding 225 or including 225?

Rishi Raj: So this number that I mentioned which was a refundable deposit for a new acquisition in Gurgaon, INR275 crores, this number that we are talking about which is additional investment budget is over and above that.

Deepak Purswani: Okay. And sir, what would be our plans to fund this deposit amount going forward?

Nitin Kansal: So, going forward, we have got few cash flows which will be coming our way. The notably one by the divestment in our SPVs of Max Towers and Max House, we are expecting a cash flow in the range of INR400 crores which will come to us. And, furthermore, the assets Max House Phase 2 and Max Square will get leased. The lease rental discounting of those assets will be further capital to us, giving us a healthy pool of close to INR500 crores which can be deployed across the assets.

Moderator: Thank you. The next question is from the line of Vaibhav Saboo from Nippon AIF. Please go ahead.

Vaibhav Saboo: So, thanks for giving me the opportunity and congratulations on good set of numbers. Just wanted to clarify one thing. Can you confirm the understanding that, as I understand you have said that for the JDA in sector 36A project the revenue share is to the tune of 35% to 40% and

considering we are seeing the GDV of INR9000 crores would that mean that the eventual payment would be somewhere close to INR3200 crores to INR3600 crores? Is that understanding correct?

Rishi Raj: So just to recap, the revenue share, this is on the model of refundable deposit and revenue share. Revenue share in the range of 35 to 40 with a stepped up arrangement included. Yes, the GDV of INR9,000 crores plus is on 100% basis and a part of that basis, our revenue share arrangement, will go to landowner. This you can adjust it for the deposit that we have paid.

So this revenue share will get adjusted for the deposit that we have paid. And this you can assume this you can link it back to land acquisition cost. This revenue share is akin to paying the cost for the land but the key here is you don't pay everything upfront you pay over the lifetime of the project and that's how you diversify your risk as well.

Vaibhav Saboo: No, so that is understood. But just in an absolute amount of perspective, I understand that this would be over the years as we sell out the project and the elections come in, but the total outflow would be, including the deposit, the total outflow will be around to the tune of INR3000 to INR3500 crores is that correct?

Rishi Raj: Yes, that is correct.

Nitin Kansal: Yes, your understanding is correct that would be in the range of 3000 to 3500 depending upon the realization which we have from the project. As Rishi mentioned it is stepped up provided we get a higher realization from the project there is a revenue share from the landowner will move from 35% to 40% range -- on this amount of sales.

Vaibhav Saboo: Understood. And we will be evaluated so the other project that we are evaluating will the revenue share be in a similar range? Or will it be in 25% to 40% or will it be lower?

Sahil Vachani: It will be similar range.

Vaibhav Saboo: Thank you and all the best.

Nitin Kansal: Thank you.

Moderator: Thank you. The next question is from the line of Faisal Hawa from H. G. Hawa and Company.

Faisal Hawa: Sir, can you highlight around three to four differentiating factors that we have for our project in Gurgaon and how we are implementing sustainability strategies as well as new construction strategies to complete our projects early? Can you give a brief outlook on

Moderator: Sorry to interrupt you sir. We are unable to hear you so can you please use your handset.

Faisal Hawa: So my question is that how are we using sustainability practices as well as new construction practices to differentiate our projects from other projects in Gurgaon and also what is the kind of income strata people that are booking our projects in Gurgaon?

Sahil Vachani:

So yes. I'll answer that. This is Sahil. The first part of your question was in terms of differentiation. First and foremost in Gurgaon we are going to create a first of its kind intergenerational community where there is going to be a mix of senior living component as well as non-seniors and therefore it's going to be the first time in India where such a platform or a community is going to be set up. So the first differentiation is in terms of the concept of intergenerational and different product categories.

The second is of course in terms of amenities and design and the ecosystem that we are able to offer all our residents as part of the community. In terms of sustainability we are deeply focused and targeting platinum rating from a lead perspective for our developments and have also embraced the well being platform and the well platform for our developments as well moving forward.

In terms of the categorization we are looking at different categories obviously for the senior living there will be seniors. For the residences that we have we will be having different categories of clients ranging from young millennials to also young families and also second home for people who would like a second home as their family grows. A host of categorization for the entire development that we have.

Faisal Hawa:

Are we looking at more projects to be acquired through NCLT also like we did previous time?

Rishi Raj:

It all depends on the question is, are we open to consider? Answer is yes. At this point in time in our pipeline there isn't any in the advanced stage of consideration that we would be able to share, but as a principle we keep on evaluating keeping in mind our underwriting principles for those opportunities.

Faisal Hawa:

I appreciate you are answering my questions so well. Thank you.

Rishi Raj:

Thank you.

Moderator:

Thank you. The next question is from the line of Vikas Mistry from Moon Short Ventures. Please go ahead.

Vikas Mistry:

I have a couple of questions. Our competition have large number of land banks and we don't have land banks and as you enumerated that in JDA your revenue share seems to be quite onerous, so how will this remain as a handicap for us to make good margins although the locations are coming up is extremely good, but these revenue share agreement with JDA seems to be quite on higher side. What is your opinion on this?

Sahil Vachani:

Actually you see from an IRR perspective we do believe this is hugely beneficial to our shareholders and very value creative as Nitin and Rishi both explained that the revenue share is depending on what the revenue is and also payable over a period of time and therefore we are able to scale with limited capital deployment and also being able to de-risk from a cyclicity perspective, a velocity perspective and a price perspective.

So yes it does seem expensive in an upmarket, but over a period of time and from a longer cycle perspective we believe that this is efficient deployment of our capital and from an IRR

perspective this will be at industry best benchmarks if not better for our shareholders. So we are confident of that moving forward and also it enables us to scale as Rishi explained in our earlier comments. We have now been able to build scale across geographies, across asset classes and in spite of not having a land bank we today have a potential GDV of almost 15,000 crores in just the last year and a half of us being into the residential business.

So I think for all of those reasons and what we do I think this is we believe a very efficient strategy. Yes you are right that in an up cycle of the market it does seem when you do the broad calculation very expensive, but over a longer term period we believe this will be very efficient to retain our balance sheet strength and also to preserve and grow IRRs for the company.

Vikas Mistry: That's understandable from capital efficiency side it is a good strategy, but at the same time if you look...

Moderator: Sorry to interrupt sir. May we request that you return to the question queue for follow up question please sir.

Vikas Mistry: It is only the first question I am trying to ask?

Management: Go ahead please.

Vikas Mistry: That's very well understood that from capital efficiency stride, but from longer term we think GDV if you have slightly 35% family share with JDA partners that looks slightly inflated, so to put this question in a different way in estate 360 you said that our GDV was earlier 3200 crores now we are increasing it to 4,000. So earlier we were implying a margin of maybe 20%. Now with this increased GDV and the product remains same will margins go further up?

Sahil Vachani: I think yes. For every increase in price if 35% goes to the landowner, 65% of that incremental price will come to the company. So yes I think with the interest are aligned and with increasing price the company will also benefit. Yes it may not benefit as much if 100% of the land was owned, but then again I think we have to look at both from a balance sheet perspective and the margin perspective and an IRR perspective.

And I think that as we have clearly stated that our strategy is not just JDA, but is it both JDA and outright acquisition. So I think we are trying to balance, balance sheet strength of the company, the cash flow, the IRR scale and also gross margins and we believe that this is what we have been able to do is actually very optimal and efficient from a scale and for all of these sectors for the company.

Vikas Mistry: Thanks Sahil we hope that you do all right, but it is also because it looks slightly on higher side.

Moderator: Thank you. The next question is from the line of Aditya Sen from Robo Capital. Please go ahead.

Aditya Sen: Hi, thank you. Just a few basic questions. We don't have any unsold properties or any pending receivables?

- Rishi Raj:** If you're talking about estate 128. Yes all of our inventory is sold. Given that this is construction linked payment plan. We of course have receivables pending from consumers as per the payment plan.
- Aditya Sen:** What's the amount of receivables?
- Nitin Kansal:** Close to INR1,400 crores is supposed to come from the customers.
- Aditya Sen:** And we don't have any launches scheduled in FY25 both the launches will come in FY26 and 27?
- Rishi Raj:** Let me clarify that. In Gurgaon, in sector 36A, we have done two sets of joint development agreements. The one we did last year and one that we recently announced. The one that we did last year on 11.8 acres right on Dwarka Expressway as I mentioned all approvals are on track for us to launch this in July of 2024.
- Aditya Sen:** And the second one in next year?
- Rishi Raj:** Yes. So this is our strategy of in advance building the pipeline so that all our investors have clear line of sight on the underlying pipeline which will back our projection for booking values that we have shared with all of you. So the new ones will secure our launch pipeline for next couple of years and we will add to our portfolio as I described as a part of our growth pipeline update.
- Aditya Sen:** And last one the margins on the same?
- Rishi Raj:** So as I said as an underwriting principle when we underwrite and agree on terms and conditions we look at two metrics. Number one our IRRs which is 25% plus and we look at through overall project life cycle cash margin of 20% to 25%. This is for our when we underwrite on a conservative basis.
- Aditya Sen:** All right, sir, got my answers. Thanks a lot.
- Moderator:** Thank you. The next question is from the line of Ashwini Agarwal from Demeter Advisors LLP. Please go ahead.
- Ashwini Agarwal:** Hi. Good afternoon. Congratulations Sahil and team on the new project on the board appointment and bringing in cash from New York Life. Just a couple of simple questions I mean for the Estate 360 and the new project which are adjacent to each other, what would be the timeline that you would look to complete these projects? I mean, it's a contiguous project in the sense and it would be very large. So would it be 5 year, 6 years or this would also follow a 4 year year cycle after launch?
- Rishi Raj:** So I'll explain that. So for our first project the Estate 360 as you said our timeline for launch is July. Our timeline to start construction is quarter 3 of fiscal year 2025. The estimated timeline for completion is in the range of 4 years to 5 years which is what will be also shared with RERA as we go through the RERA approvals.

Coming to the new acquisitions, as I said, we will be launching that in fiscal year 26 and 27 which is let's say July to September of next year and then next round in the year 2026. Again, given the size of this project which is 4 million square foot we would be bringing it to this market at this point in time our estimate is to bring this to the market in two phases and each phase again will have similar timelines of 4 years to 5 years with the overlap of 2 years.

Ashwini Agarwal: The other question I had was relating to Max asset services. You will have a very good portfolio under service of about 5.5 million square feet when everything is up and running, including Delhi 1. What is the typical service revenue on a per month basis that you charge customers that occupy these premises?

Rishi Raj: So that varies depending on which property we are talking about, but just to illustrate it with a couple of examples, if you look at pure common area maintenance charges in Max tower which is our first flagship commercial office asset there we charge around INR25 per square foot on a leasable area basis. When you look at Noida expressway Max Square there we are charging in the first year around INR20 per square foot. Okhla which is a smaller development this number is around INR30 per square foot so it varies depending on the region, the underlying cost, but it is a classic cost plus 20% model.

Ashwini Agarwal: The last question is relating to the net debt I mean on slide 15 there are a couple of numbers, but there is one line which says that Max Estates share of net external debt is INR235 crores?

Nitin Kansal: Look that would be the net debt number I should think about and that includes the LDR debt.

Rishi Raj: Yes, when we say Max Estate share because we also have New York Life as a 49% partner in our share, but from an accounting perspective the entire debt is reflected in the books of Max Estate. So on a gross basis the external debt comes to 361, but if we purely look what is our owners to service is close to INR235 crores.

Ashwini Agarwal: Got it. Thank you so much and all the best.

Rishi Raj: Thank you.

Moderator: Thank you. Ladies and gentlemen that was the last question for today. As there are no further questions I would like to hand the conference over to the management for closing comments.

Management: Thank you for your time and participation and we look forward to speaking with you next quarter. Thank you.

Moderator: Thank you. On behalf of Max Estates Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.